



Program Brief

“ASSESSING THE FIGHT AGAINST MONEY LAUNDERING”

**Presentation by
Peter REUTER**

Professor at the School of Public Policy and in the Department of
Criminology and Criminal Justice,
Director of the Program on the Economics of Crime and Justice Policy,
University of Maryland, College Park, MD;
and the RAND Corporation

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Background information provided by the
American Reference Center

Schmidgasse 14, 1080 Vienna

Tel. 405 30 33

Fax 406 52 60

e-mail: arc@usembassy.at

<http://www.usembassy.at>

U.S. GOVERNMENT RESOURCES

WEBSITES

Topical page from the website of the U.S. Embassy Vienna:

- [Money Laundering and Corruption](http://www.usembassy.at/en/policy/laundering.htm)
(<http://www.usembassy.at/en/policy/laundering.htm>)

U.S. Department of State:

- [Bureau of International Information Programs - Money Laundering](http://usinfo.state.gov/ei/economic_issues/terrorist_financing/money_laundering.html)
(http://usinfo.state.gov/ei/economic_issues/terrorist_financing/money_laundering.html)



- [Bureau for International Narcotics and Law Enforcement Affairs](http://www.state.gov/p/inl/)
(<http://www.state.gov/p/inl/>)

U.S. Department of Justice:

- [U.S. Drug Enforcement Administration – Money Laundering](http://www.dea.gov/programs/money.htm)
(<http://www.dea.gov/programs/money.htm>)
- [Asset Forfeiture and Money Laundering Section](http://www.usdoj.gov/criminal/afmls.html)
(<http://www.usdoj.gov/criminal/afmls.html>)



U.S. Department of the Treasury:

- [Office of Terrorism and Financial Intelligence](http://www.treas.gov/offices/enforcement/)
(<http://www.treas.gov/offices/enforcement/>)
- [Financial Crimes Enforcement Network](http://www.msb.gov/)
(<http://www.msb.gov/>)



REPORTS

- **2006 International Narcotics Control Strategy Report – Volume II: Money Laundering and Financial Crimes**

Bureau for International Narcotics and Law Enforcement Affairs/U.S. Department of State, published March 1, 2006

<http://www.state.gov/p/inl/rls/nrcrpt/2006/vol2/>

INTRODUCTION

International efforts against money laundering grew stronger and more effective in 2005. More countries, 17, have promulgated anti-money laundering and counterterrorist financing laws for the first time, or updated their existing statutes to comply with revised international norms and standards. Contributions from the international coalition of donors to help with these efforts grew as a result of G-8 and other initiatives. The capability for information and intelligence exchanges among countries in support of criminal investigations improved as seven more Financial Intelligence Units (FIUs) became members of the Egmont Group of FIUs, raising its global membership to 101 FIUs. Authorities also undertook some important money laundering investigations leading to significant seizures and prosecutions. The money laundering challenge nevertheless remains formidable. The stakes are high on both sides. Money is the oxygen for most crime, and the most threatening and dangerous criminal networks and terrorist organizations will go to any extreme to ensure that they can protect their profits or secure their financing whether this means ratcheting up retaliation against authorities who are too hot on their trail, or shifting to less visible and penetrable methods even if this means a loss of efficiency or carries other risks.

It is important to sustain and strengthen these gains because focusing on money laundering is one of the most valuable tools law enforcement has to combat international crime. A focus on money laundering can accomplish what many other law enforcement tools cannot. In the "one-size-fits-all" vein, anti-money laundering measures constitute a unique instrument that can be applied equally effectively to a wide variety of crimes—that is essentially any crime that must be financed or that is committed for profit. ...

- **U.S. Money Laundering Threat Assessment**

U.S. Department of the Treasury, U.S. Department of Justice, U.S. Department of Homeland Security, Board of Governors of the Federal Reserve System, United States Postal Service, published December 2005

<http://www.treas.gov/offices/enforcement/pdf/mlta.pdf> (pdf)

INTRODUCTION

The 2005 Money Laundering Threat Assessment (MLTA) is the first government-wide analysis of money laundering in the United States. The report is the product of an interagency working group composed of experts from the spectrum of U.S. Government agencies, bureaus, and offices that study and combat money laundering. The purpose of the MLTA is to help policy makers, regulators, and the law enforcement community better understand the landscape of money laundering in the United States and to support strategic planning efforts to combat money laundering.

The working group synthesized law enforcement statistics and observations, regulatory data (such as Bank Secrecy Act filings), private sector studies, and public information to assess the vulnerabilities that allow criminals to launder money through particular money laundering methods or conduits.

The MLTA offers a detailed analysis of thirteen money laundering methods, ranging from well-established techniques for integrating dirty money into the financial system to modern innovations that exploit global payment networks as well as the Internet. Each chapter focuses on a specific money laundering method and provides a brief overview of the methodology, an assessment of vulnerabilities – including geographic or other noted concentrations – and the regulatory/public policy backdrop. ...

- **Safeguarding the Financial System from the Abuse of Financial Crime - Financial Crimes Enforcement Network Strategic Plan FY 2006-2008**

Financial Crimes Enforcement Network/U.S. Department of the Treasury, published February 2005

http://www.fincen.gov/strategicplan2006_2008.pdf (pdf)

The Financial Crimes Enforcement Network was created by order of the Secretary of the Treasury on April 25, 1990. Section 361 of the USA PATRIOT Act, October 25, 2001, established the organization as a bureau within the Department of the Treasury and clarified the duties and powers of the Director.

Our responsibilities are keyed to and flow from our role as administrator of the Bank Secrecy Act, as amended. Among a broad range of interrelated activities, we:

- Issue, interpret, and enforce compliance with regulations implementing the Bank Secrecy Act, which includes key provisions of Title III of the USA PATRIOT Act;
- Support and oversee compliance examination functions delegated to other federal regulators;
- Manage the collection, processing, storage, and dissemination of Bank Secrecy Act data;
- Maintain a government-wide access service to the Bank Secrecy Act data, and network users with overlapping interests;
- Conduct analysis in support of policy makers; law enforcement, regulatory, and intelligence agencies; and the financial industry;
- Coordinate with and collaborate on anti-terrorism and anti-money laundering initiatives with domestic law enforcement and intelligence agencies, and with our foreign financial intelligence unit counterparts. ...

- **Investigating Money Laundering and Terrorist Financing - Federal Law Enforcement Agencies Face Continuing Coordination Challenges**

Statement of Richard M. Stana, Director, Homeland Security and Justice Issues Before the Subcommittee on Criminal Justice, Drug Policy, and Human Resources, Committee on Government Reform, House of Representatives
Government Accountability Office, published May 11, 2004

<http://www.gao.gov/new.items/d04710t.pdf> (pdf)

... I am pleased to be here today to discuss federal law enforcement agencies' efforts to cooperatively investigate money laundering and terrorist financing. Money laundering—

the process of disguising or concealing illicit funds to make them appear legitimate—is a serious crime, with an estimated \$500 billion to \$1 trillion laundered worldwide annually, according to the United Nations Office of Drug Control and Prevention. Money laundering provides the fuel for terrorists, drug dealers, arms traffickers, and other criminals to operate and expand their activities, which can have devastating social and economic consequences. Terrorist financing is generally characterized by different motives than money laundering, and the funds often originate from legitimate sources. However, investigations of money laundering and investigations of terrorist financing often involve similar approaches or techniques because the methods used for hiding the movement of funds also involve similarities. ...

- **Combating Terrorism - Federal Agencies Face Continuing Challenges in Addressing Terrorist Financing and Money Laundering**

Statement of Loren Yager, Director, International Affairs and Trade and Richard M. Stana, Director, Homeland Security and Justice Issues
Before the Caucus on International Narcotics Control, U.S. Senate
Government Accountability Office, published March 4, 2004
<http://www.gao.gov/new.items/d04501t.pdf> (pdf)

The September 11, 2001, terrorist attacks highlighted the importance of data collection, information sharing, and coordination within the U.S. government. Such efforts are important whether focused on terrorism or as an integral part of a broader strategy for combating money laundering. In this testimony, GAO addresses (1) the challenges the U.S. government faces in deterring terrorists' use of alternative financing mechanisms, (2) the steps that the Federal Bureau of Investigation (FBI) and Immigration and Customs Enforcement (ICE) have taken to implement a May 2003 Memorandum of Agreement concerning terrorist financing investigations, and (3) whether the annual National Money Laundering Strategy (NMLS) has served as a useful mechanism for guiding the coordination of federal efforts to combat money laundering and terrorist financing. ...

- **Investigations of Terrorist Financing, Money Laundering, and Other Financial Crimes**

The Honorable Thad Cochran, Chairman and The Honorable Robert C. Byrd, Ranking Minority Member, Subcommittee on Homeland Security, Committee on Appropriations, United States Senate
Government Accountability Office, published February 20, 2004
<http://www.gao.gov/new.items/d04464r.pdf> (pdf)

After the tragic events of September 11, 2001, federal efforts to wage a seamless, coordinated campaign against sources of terrorist financing became critically important. In May 2003, the Attorney General and the Secretary of Homeland Security signed a Memorandum of Agreement (Agreement) concerning terrorist financing investigations, which contained a number of provisions designed to resolve jurisdictional issues and enhance interagency coordination. The Agreement and its related procedures specified that the Federal Bureau of Investigation (FBI) was to have the lead role in investigating terrorist financing and that the U.S. Immigration and Customs Enforcement (ICE), a component

of the Department of Homeland Security, was to pursue terrorist financing solely through participation in FBI-led task forces, except as expressly approved by the FBI. Specific provisions of the Agreement directed the FBI and ICE to, among other things, develop collaborative procedures for handling applicable ICE investigations or financial crimes leads that have a nexus to terrorism. Another provision required that the FBI and ICE jointly report to the Attorney General, the Secretary of Homeland Security, and the Assistant to the President for Homeland Security on the status of the implementation of the Agreement 4 months from its effective date. ...

- **2003 National Money Laundering Strategy**

U.S. Department of the Treasury, U.S. Department of Justice, published November 2003

<http://www.treas.gov/offices/enforcement/publications/ml2003.pdf> (pdf)

The *2003 National Money Laundering Strategy* reflects the U.S. government's ongoing commitment to attack money laundering and terrorist financing on all fronts, including the formal and informal components of both the domestic and international financial systems. Armed with important new authorities provided by the USA PATRIOT Act, we are taking coordinated and aggressive action using all available tools, including law enforcement actions, appropriate financial regulation and oversight, and coordination with our private sector and international partners. While we continue to make significant progress, much remains to be done to confront the ever-changing, global threat of money laundering and terrorist financing.

The *2003 Strategy* represents a continuation of our past efforts, and a commitment to move forward by identifying, disrupting, and dismantling high value terrorist financing and money laundering organizations and networks. The central tenet of our *2003 Strategy* is the ever-increasing need for all relevant U.S. government agencies, our foreign government counterparts, and our partners in the private sector to pool our collective expertise and coordinate our activities to stop the laundering of criminal proceeds and to staunch the flow of funds to terrorists. ...

CRS REPORTS

Published by the Congressional Research Service/Library of Congress

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CRS Report for Congress

Received through the CRS Web

- **Money Laundering: An Abridged Overview of 18 U.S.C. 1956 and Related Federal Criminal Law**

March 15, 2006, 6 pp

Money laundering is a federal crime, most often prosecuted today under 18 U.S.C. 1956. Money laundering is commonly understood as the process of cleansing the taint from the proceeds of crime.

In federal criminal law, however, it is more. In section 1956, and to varying degrees in several other federal criminal statutes, money laundering involves the flow of resources to and from several hundred other federal, state and foreign crimes. It consists of: (1) engaging in a financial transaction involving the proceeds of certain crimes in order to conceal the nature, source, or ownership of proceeds they produced; (2) transporting funds generated by certain criminal activities into, out of, or through the United States in order to promote further criminal activities, or to conceal nature, source, or ownership of the criminal proceeds, or to evade reporting requirements; (3) engaging in a financial transaction involving the proceeds of certain crimes in order to promote further offenses; (4) engaging in a financial transaction involving criminal proceeds in order to evade taxes on the income produced by the illicit activity; (5) structuring financial transactions in order to evade reporting requirements; (6) spending more than \$10,000 of the proceeds of certain criminal activities; (7) traveling in interstate or foreign commerce in order to distribute the proceeds of certain criminal activities; (8) transmitting the proceeds of criminal activity in the course of a money transmitting business; (9) smuggling unreported cash across a U.S. border, or (10) failing to comply with the Treasury Department's anti-money laundering provisions. ...

- **Criminal Money Laundering Legislation in the 109th Congress**

March 15, 2006, 5 pp

Money laundering is an auxiliary federal crime, established to accentuate the seriousness of other specific federal, state, and foreign crimes (predicate offenses). It is designed to cut off the flow of money and other resources to and from those predicate offenses. Each of the racketeer influenced and corrupt organization (RICO) predicate offenses, including any of the federal crimes of terrorism, is automatically included on the money laundering predicate offense list. Money launderers face lengthy prison terms, heavy fines, and the confiscation of property associated with the laundering offense.

This is an identification of bills in the 109th Congress that amend the money laundering provisions of 18 U.S.C. 1956, 1957, or use those offenses as the predicates for other federal crimes, or add new offenses to the money laundering predicate offense list either directly or indirectly. Principal among these is P.L. 109-177 (H.R. 3199), the USA PATRIOT Improvement and Reauthorization Act. ...

- **Money Laundering: An Overview of 18 U.S.C. 1956 and Related Federal Criminal Law**

March 14, 2006, 65 pp

This a summary of the elements of federal criminal money laundering statutes and sanctions imposed for their violation. The most prominent is 18 U.S.C. 1956. Section 1956 outlaws four kinds of money laundering – promotional, concealment, smurfing, and tax evasion laundering, associated specified unlawful activities (designated federal, state and foreign underlying or predicate offenses) – committed or attempted under one or more of three jurisdictional conditions – i.e., laundering involving certain financial transactions, laundering involving international transfers, and stings. Its companion, 18 U.S.C. 1957, prohibits depositing or spending more than \$10,000 of the proceeds from a section 1956

predicate offense. Violations of section 1956 are punishable by imprisonment for not more than 20 years; section 1957 carries a maximum penalty of imprisonment for 10 years. Property involved in either case is subject to confiscation.

Federal racketeer influenced and corrupt organization (RICO) provisions outlaw acquiring or conducting the affairs of an enterprise (whose activities affect interstate or foreign commerce) through the patterned commission of a series of underlying federal or state crimes. RICO violations are also 20 year felonies. Every RICO predicate offense, including each “federal crime of terrorism,” is automatically a section 1956 money laundering predicate offense.

The Travel Act, 18 U.S.C. 1952, punishes interstate or foreign travel or the use of interstate or foreign facilities conducted with the intent to distribute the proceeds of a more modest list of predicate offenses or to promote or carry on such offenses when an overt act is committed in furtherance of that intent. Such misconduct is punishable by imprisonment for not more than five years.

Other federal statutes proscribe, with varying sanctions, bulk cash smuggling, layering bank deposits to avoid reporting requirements, failure to comply with federal anti-money laundering provisions, or conducting an unlicensed money transmission business (sometimes known as a hawala). ...

ADDITIONAL RESOURCES

WEBSITES

- [Financial Action Task Force on Money Laundering](http://www.fatf-gafi.org)
(<http://www.fatf-gafi.org>)
- [United Nations – International Money Laundering Information Network](http://www.imolin.org/imolin/index.html)
(<http://www.imolin.org/imolin/index.html>)
- [Caribbean Financial Action Task Force](http://www.cfatf.org/eng/)
(<http://www.cfatf.org/eng/>)
- [Association of Certified Anti-Money Laundering Specialists](http://www.acams.org/)
(<http://www.acams.org/>)

ARTICLES

For full text please contact the American Reference Center: arc@usembassy.at

- **Anti-Money Laundering Overkill?**

By Peter Reuter and Edwin M. Truman

The International Economy, Winter 2005, vol.19, iss. 1

The anti-money laundering controls aim to make it more difficult to finance terrorism, to

traffic in drugs, or for corrupt kleptocratic official in developing countries to rip off their citizens. Here, Reuter and Truman examine how it functions in catching those who commit crimes, and whether it should be altered and expanded. They remark that even if money laundering is not extensive enough to be an important international financial flow, it is socially important because it facilitates behaviors that society cares about a great deal.

- **It's the Illicit Economy, Stupid**

By Moisés Naím

Foreign Policy, November/December 2005, iss. 151

The anti-money-laundering laws that many countries enacted after September 11, 2001, have done little to stem the global flow of illicit funds, says Naím. In fact, he points out, money launderers face only a 5 percent chance of being convicted; governments have failed to stop a wide range of illegal commerce, which today is valued at \$400 to \$600 billion a year. Three of the most profitable of these enterprises are the illegal arms trade (\$10 billion), international human trafficking (\$10 billion) and stolen art (\$3 billion). In the last decade, Naím reports, all of these illegal international trades have grown in size and scope. Since 1990, money laundering has grown at least twofold, reaching \$1 to \$1.5 trillion today as the criminals become more sophisticated. As illicit industries become big business, the criminals adopt the strategic thinking of big businesses: diversify, politicize, legitimize. Also like big businesses, he writes, they invest in lobbying, government relations and philanthropy. The difference is that now they are able to do it on a scale and with consequences that are without precedent.

- **Money Laundering Controls and Terrorist Finance**

By Peter Reuter and Edwin M. Truman

Financial Regulator, September 2, 2005, vol. 10, no. 2

One of the most troubling facts about international terrorism is just how little money it requires to create havoc. Notwithstanding early stories about the Bin Laden fortune, rumored to be in the hundreds of millions of dollars, we now know that individual operations involve typically merely tens of thousands of dollars. For the East African Embassy bombings in 1998, among the five deadliest incidents to date, the costs were truly paltry, estimated at only \$10,000. The September 11 Commission, in its monograph on the financing of the Twin Towers bombing, estimated that the total cost was only \$400-500,000, even though it involved a large number of operatives and a very long planning horizon.

This presents a major challenge to the elaborate system of anti money laundering controls (AML) that the United States and other nations have constructed over the past twenty years. The AML regime was originally designed to deal primarily with drug traffickers, who handle large quantities of actual cash. It has since been extended for a variety of purposes, including to help discourage corrupt officials in developing countries from ripping off their citizens. It focused on the vulnerability of having to turn this criminal cash or bribes into forms that can be used more discreetly and efficiently to buy condominiums in Miami and jewelry in Zurich. ...

Please visit the homepage of the U.S. Embassy Vienna, Austria at: <http://www.usembassy.at>



The program page on **“How Well Does the Anti-Money Laundering Control System Work?”** will be available at: <http://www.usembassy.at/en/embassy/photo/reuter.htm>

Information about the services and resources of the American Reference Center is available at: <http://www.usembassy.at/en/embassy/arc.htm>



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